



# National Insurance Contributions Act 2014

## 2014 CHAPTER 7

### *Employment allowance*

#### **2 Exceptions**

##### *Public authorities*

- (1) A person cannot qualify for an employment allowance for a tax year if, at any time in the tax year, the person is a public authority which is not a charity.
- (2) In subsection (1)—
  - “charity” has the same meaning as in the Small Charitable Donations Act 2012 (see section 18(1) of that Act), and
  - “public authority” includes any person whose activities involve, wholly or mainly, the performance of functions (whether or not in the United Kingdom) which are of a public nature.

##### *Personal, family or household affairs*

- (3) Liabilities to pay secondary Class 1 contributions incurred by a person (“P”) are “excluded liabilities” if they are incurred in respect of an employed earner who is employed (wholly or partly) for purposes connected with P’s personal, family or household affairs.

##### *Workers supplied by service companies etc*

- (4) Liabilities to pay secondary Class 1 contributions are “excluded liabilities” if they are incurred by virtue of regulations made under section 4A of SSCBA 1992 or SSCB(NI)A 1992 (earnings of workers supplied by service companies etc).

##### *Transfers of businesses*

- (5) Subsection (6) applies if a business, or a part of a business, is transferred to a person (“P”) in a tax year.

---

*Status: This is the original version (as it was originally enacted).*

---

- (6) Liabilities to pay secondary Class 1 contributions incurred by P in the tax year are “excluded liabilities” if they are incurred in respect of an employed earner who is employed (wholly or partly) for purposes connected with the transferred business or part.
- (7) For the purposes of subsection (5) a business, or a part of a business, is transferred to P in a tax year if, in the tax year—
- (a) another person (“Q”) is carrying on the business or part, and
  - (b) in consequence of arrangements involving P and Q, P begins to carry on the business or part on or following Q ceasing to do so.
- (8) In subsection (7)(b) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (9) In subsections (5) to (7) “business” includes—
- (a) anything which is a trade, profession or vocation for the purposes of the Income Tax Acts or the Corporation Tax Acts;
  - (b) a property business (as defined in section 263(6) of the Income Tax (Trading and Other Income) Act 2005);
  - (c) any charitable or not-for-profit undertaking or any similar undertaking;
  - (d) functions of a public nature.

*Anti-avoidance*

- (10) A person cannot qualify for an employment allowance for a tax year if, apart from this subsection, the person would qualify in consequence of avoidance arrangements.
- (11) In a case not covered by subsection (10), liabilities to pay secondary Class 1 contributions incurred by a person (“P”) in a tax year are “excluded liabilities” if they are incurred by P, or are incurred by P in that tax year (as opposed to another tax year), in consequence of avoidance arrangements.
- (12) In subsections (10) and (11) “avoidance arrangements” means arrangements the main purpose, or one of the main purposes, of which is to secure that a person benefits, or benefits further, from the application of the employment allowance provisions.
- (13) In subsection (12) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).